

Investigation by the Department of Telecommunications and Energy on its own Motion into the Appropriate Regulatory Plan to succeed Price Cap Regulation for Verizon New England, Inc. d/b/a Verizon Massachusetts' intrastate retail telecommunications services in the Commonwealth of Massachusetts	D.T.E. 01-31-Phase I
---	----------------------

1. My name is Joseph G. Stack. My business address is 900 Route 202/206N, Bedminster, N. J. I have a bachelor and masters degree in Mechanical Engineering from Lehigh University. I first joined AT&T in 1985 and presently serve as a Division Manager in the AT&T Business Local Services unit and am responsible for DS1 Product Management. In addition, I have responsibility for profit and loss and operational execution of business local products. I have experience marketing AT&T's services to business customers and further experience managing others who market such services.
2. AT&T offers several types of local service to large and medium-sized customers, including the AT&T Prime and AT&T Digital Link families of services. In order to provide these services, AT&T must, in most cases, use DS1 and/or DS3 facilities provided by incumbent LECs to provide the portion of the service between the customer's premises and the customer's local serving office ("LSO"). AT&T refers to this type of provisioning as "Type II" service to distinguish it from service provided entirely on AT&T's network ("Type I").

3. Although alternative networks began to be developed by competitive access providers (“CAPs”) during the late 1980’s, the aggressive development of alternative networks generally did not begin until the passage of the Telecommunications Act of 1996. While there has been significant network investment and development by many CLECs during the past five years, duplication of the entire ILEC network, even if economically desirable, would take several more years. Therefore, the use of leased facilities for the provision of local service is a common practice among CLECs, resulting in most, if not all, CLECs relying on leased facilities to serve a majority of the firm’s local customers. Therefore, a statement that a majority of customers are served with leased facilities is merely stating a fact generally known throughout the industry.
4. The large and mid-sized customers to whom AT&T markets its local services seek an alternative to the ILEC for a number of reasons including the desire for better service (together with the possible opportunity to diversify access to the switched network), and the network quality the customer associates with AT&T. Therefore, specific information regarding the means by which customers are provisioned, including the percentage of service that relies on leased facilities, is information that is competitively sensitive.
5. I should add that this one measure, while relevant to determining the level of competitive alternatives for transport and high-capacity facilities, provides only one factor in the comparison of service quality. Other factors, including the types of facilities used (e.g. the difference between providing service on a UNE-Platform basis versus the use of leased facilities for only the ‘last mile’), the

performance of the provider's backbone network, and other value-added aspects of the service, including price and customer support, are all important in the evaluation of a carrier's product.

6. Although by itself its use would be improper, it is my experience that competing carriers use the percentage of leased facilities as marketing means for distinguishing themselves. If that information were available to other carriers, AT&T's competitors' would likely use it to compare the service they provide. For example, another CLEC could compare AT&T's percentage of customers served with leased facilities to its own percentage and, if its own percentage were lower, make a representation that its service is therefore better.
7. In summary, disclosure of AT&T's approximate percentage of leased facilities would be detrimental to AT&T in the market place, while the general knowledge that AT&T relies on other carriers for a majority of access facilities would not. This is because it is generally understood that most carriers rely on the ILEC for more than half of their access facilities.

Joseph G. Stack